

# **State of Colorado Performance System Requirements October 2005**

*The state's performance pay system was developed with input from various stakeholders, and the process remains open to refinement and improvement. It is anticipated that the system evaluation component will drive additional changes in order for the performance pay system to remain relevant and effective. This document was prepared in accordance with the provisions of statute C.R.S. 24-50-104 (1)(c) and (c.5) and the Personnel Board Rules in effect as of July 1, 2005. Subsequent revisions to the statute or rules could cause conflicting statements. If such a situation should arise, the personnel rules will always be the official document upon which a ruling will be based or an interpretation will be made.*

*The performance pay system consists of three components: performance management, performance salary adjustments, and performance dispute resolution. Departments and higher education institutions develop and implement the components of their individual Performance Pay Program, consistent with the system-wide requirements. The State Personnel Director approves all Programs in advance of implementation.*

*The system-wide requirements are set forth in rule. Those rules are set forth below. The rules established by the Personnel Board are indicated by a code ending with "B". The State Personnel Director establishes the remainder of the rules.*

## **I. Performance Management**

**The performance management component is the cornerstone of the performance pay system. The rules governing performance management are as follows.**

### **6-3B.**

Appointing authorities and designated raters are responsible for communicating the department's performance pay program and the performance expectations and standards, including an individual written performance plan, and for evaluating performance in a timely manner in accordance with rule.

### **6-4.**

The Director shall establish guidelines governing the performance pay system. The performance pay system does not apply to employees in the senior executive service or medical plan. Departments must develop a performance pay program that includes performance management, performance pay, and dispute resolution components of the performance pay system that is approved by the Director before implementation. All employees shall be evaluated, in writing, at least annually based on the past year's performance. If the employee moves to a position under another appointing authority or

department during a performance cycle, an interim overall evaluation shall be completed and delivered to the new appointing authority or department within 30 days of the effective date of the move. These guidelines shall be used in a timely manner by all appointing authorities and designated raters, including any person employed by the state who supervises an employee. The department's performance management component must include the following.

- A.** A detailed training plan for employees and raters. Training is mandatory for all raters.
- B.** Incorporate into each individual performance plan and evaluation the statewide, uniform core competencies defined by the Director. The statewide, uniform core competencies cannot be disregarded in the final overall rating for each employee.
- C.** Develop a performance evaluation form.
- D.** The first statewide uniform performance cycle shall end no later than March 31, 2006. All subsequent performance cycles shall be April 1 to March 31.
- E.** A planning meeting with the employee that shall occur by the date specified in the department's performance pay program.
- F.** Allow for coaching and feedback during the performance cycle including at least one documented progress review.
- G.** Specify whether the performance evaluations are numerical, qualitative, or a combination that conforms to one of the four (4) performance pay system's rating levels. The Director shall define the performance rating levels and publish these standard definitions in written directives. Before the first statewide uniform performance cycle, a department's performance pay program and forms shall contain the standard definitions. Departments may further define the levels in relation to mission and operational needs providing that such expansion falls within these required definitions. (SEE DEFINITIONS ATTACHED)
- H.** Shall not establish a quota for the number of employees allowed to receive any of the performance ratings.
- I.** Develop an accountability component to ensure compliance with the performance pay system and the department's performance pay program. Such plans shall specify the sanctions, including those required by these provisions and statute, to be imposed for any rater employed by the state who fails to complete the performance plan or evaluation.
- J.** Specify the minimum common criteria for distinguishing performance salary adjustments. These criteria must describe how these standards reflect the department's mission and operational needs and how the requirement for consistent treatment of similarly situated employees is met.

1. Source of funds (e.g., cash or general), method of funding (e.g., appropriated or memorandum of understanding), and length of state service shall not be criteria.

**K.** A description of the department's review process to monitor the quality and consistency of performance ratings within the department before final overall ratings are provided to employees.

**6-5.**

Designated raters shall be evaluated on their performance management and evaluation of employees. Absent extraordinary circumstances, failure to plan and evaluate in accordance with the department's established timelines results in a corrective action and ineligibility for a performance salary adjustment. If the individual performance plan or evaluation is not completed within 30 days of the corrective action, the designated rater shall be disciplinarily suspended in increments of one workweek following the pre-disciplinary meeting.

**A.** A reviewer must sign the rater's evaluation of an employee. If the rater fails to complete an individual performance plan or evaluation, the reviewer is responsible for completion. If the reviewer fails to complete the plan or evaluation, the reviewer's supervisor is responsible, on up the chain of command until the plan or evaluation is completed as required. If a rating is not given, the overall evaluation shall be satisfactory until a final rating is completed.

**6-6B.**

A needs improvement performance rating shall result in a performance improvement plan or a corrective action and a reasonable amount of time must be given to improve, unless the employee is already under corrective or disciplinary action for the same performance matter. A performance improvement plan is not a corrective action. If performance is still unsatisfactory at the time of reevaluation under a performance improvement plan, a corrective action shall be given. If performance is still unsatisfactory at the time of reevaluation under a corrective action, the appointing authority may take disciplinary action up to and including demotion or termination.

**6-7.**

Each department head will report required information to the Director by the specified deadline.

## **II. Performance Salary Adjustments**

**The pay component of the performance pay system is governed by the following system-wide requirements.**

**3-19.**

Any permanent employee is eligible for an annual performance salary adjustment, except as provided below. Prior to the payment of annual performance salary adjustments, the (state personnel) Director shall specify and publish the percentage ranges for performance levels based on the available statewide performance pay funding. All

performance salary adjustments are based on the final overall rating and are effective on July 1. The employee must be employed on July 1 to receive payment of an adjustment. The employee's current department as of July 1 is responsible for payment of the adjustment.

- A.** A department's performance program must address payment of a performance salary adjustment for employees hired into the state personnel system during the performance evaluation cycle. In the absence of a specific provision in the program, the employee shall receive the full performance salary adjustment percentage determined by the employee's department for the performance level achieved.
- B.** If the final overall rating is excellent, the adjustment to base pay shall not exceed the grade maximum. Any portion of the adjustment amount that exceeds grade maximum shall be paid as a one-time lump sum in the July payroll. The statutory salary lid does not apply to any non-base building portion of the adjustment.
- C.** If the final overall rating is not excellent, the adjustment cannot exceed the grade maximum. If base pay is at grade maximum or in saved pay above the maximum, the employee is ineligible for a performance salary adjustment.
- D.** If the final overall rating is needs improvement, the employee is ineligible for an annual performance salary adjustment.
- E.** An employee granted an annual performance salary adjustment shall not be denied the adjustment because of a corrective or disciplinary action issued for an incident after the close of the previous performance cycle.
- F.** Base building adjustments are permanent and paid as regular salary.

### **3-20.**

Departments are strongly encouraged to use incentive awards.

### **Incentive Awards**

### **3-21.**

An appointing authority may grant an immediate cash or non-cash incentive award in recognition of special accomplishments or contributions throughout the year or to augment an annual performance salary adjustment, e.g., on-the-spot cash awards, work-life programs, or administrative leave. The statutory salary lid does not apply to these incentive awards. Departments must develop and communicate, prior to use and on an ongoing basis, a plan outlining their award program. Such plans shall be developed with the input of employees and managers. Records on any aspect of this program must be provided to the Director when requested.

### **III. Performance Dispute Resolution**

**Employees may question certain matters regarding performance plans and ratings through the State Personnel Director's dispute resolution system. Dispute resolution moves away from a traditional adversarial system toward one that supports and encourages dialogue and communication to solve problems.**

**8-94.**

The performance pay dispute resolution process is an open, impartial process that is not a grievance or appeal. No party has an absolute right to legal representation, but may have an advisor present. The parties are expected to represent and speak for themselves.

**8-95.**

Only the following matters are disputable:

- A.** the individual performance plan, including lack of a plan during the planning cycle;
- B.** the individual final overall performance evaluation, including lack of a final overall evaluation;
- C.** the application of an department's performance pay program to the individual employee's plan and/or final overall evaluation; and,
- D.** full payment of the performance salary adjustment.

**8-96.**

The following matters are not disputable:

- A.** the content of a department's performance pay program;
- B.** matters related to the funds appropriated;
- C.** the performance evaluations and performance salary adjustments of other employees; and,
- D.** the amount of a performance salary adjustment, unless the issue involves the application of the department's performance pay program.

**8-97.**

Every effort shall be made by the parties to resolve the issue at the lowest possible level in a timely manner. Informal resolution before initiating the dispute resolution process is strongly encouraged.

**8-98.**

**Dispute Resolution Process.** Only the issue(s) as originally presented in writing shall be considered throughout the dispute resolution process.

**A. Internal Stage.** The first stage is the department internal dispute resolution process. Each department shall continually communicate and administer a detailed internal dispute resolution process that complies with the requirements of, and is approved in advance by, the Director. A description of the process must be communicated to all employees and must include the following elements.

- 1.** The time limits and the process for filing a written request for review of the issue(s) throughout the dispute resolution process.

2. Who will decide the issue(s). The appointing authority is the decision maker unless it is delegated in writing and publicized in advance. Employees must be notified of the authorized decision maker for their disputes.
3. The time limits for issuing the final written department decision.
4. Any other specific requirements established by the Director.

A department's decision on issues involving an individual performance plan or evaluation concludes at the internal stage and no further recourse is available. For issues disputable at the external stage, the employee shall be given written notice, including deadlines and address for filing and the requirement to include a copy of the original written dispute and the department's final decision.

**B. External Stage.** This stage is administered by the Director. Only those original issues involving the application of the department's performance pay program to the individual performance plan and/or evaluation, or full payment of a performance salary adjustment may advance to this stage.

1. Within five working days from the date of the department's final decision, an employee may file a written request for review with the Director at the address specified in the Director's dispute resolution processes section of this chapter.
2. The request for external review shall include a copy of the original issue(s) submitted in writing and the department's final decision.
  - a. The Director or designee shall retain jurisdiction but may select a qualified neutral third party to review the matter. The Director or designee shall issue a written decision that is final and binding within 30 days.

## **8-99.**

The scope of authority of those individuals making final decisions throughout the dispute resolution process is limited to reviewing the facts surrounding the current action, within the limits of the department's performance pay program. These individuals shall not substitute their judgment for that of the rater, reviewer, or the department's dispute resolution decision maker if an issue is being considered at the external stage. Further, these individuals shall not render a decision that would alter a department's performance pay program.

**A.** In reaching a final decision, these individuals have the authority to instruct a rater(s) to:

1. follow a department's performance pay program;
2. correct an error; or,
3. reconsider an individual performance plan or final overall evaluation.

**B.** These individuals may also suggest other appropriate processes such as mediation.

## **8-100.**

Retaliation against any person involved in the dispute resolution process is prohibited.

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# ATTACHMENT

## Standard Definitions: Performance Rating Levels

### **Definition of Level 4**

This rating represents consistently exceptional and documented performance or consistently superior achievement beyond the regular assignment. Employees make exceptional contribution(s) that have a significant and positive impact on the performance of the unit or the organization and may materially advance the mission of the organization. The employee provides a model for excellence and helps others to do their jobs better. Peers, immediate supervision, higher-level management and others can readily recognize such a level of performance.

### **Definition of Level 3**

This rating level encompasses the accomplished performers who consistently exhibit the desired competencies effectively and independently while frequently exceeding expectations, standards, requirements, and objectives of the job assigned. Their work has a documented impact beyond the regular assignments and performance objectives that directly supports the mission of the organization.

### **Definition of Level 2**

This rating level encompasses a range of expected performance. It includes those employees who exhibit competency in the work behaviors, skills, and assignments for the job as well as those employees who are successfully developing in the job. These employees are meeting all the expectations, standards, requirements, and objectives on their performance plan and, on occasion, may exceed them. This is the employee who reliably performs the job assigned.

### **Definition of Level 1**

This rating level encompasses those employees whose performance does not consistently and independently meet expectations set forth in the performance plan as well as those employees whose performance is clearly unsatisfactory and consistently fails to meet requirements and expectations.

Marginal performance requires substantial monitoring to achieve consistent completion of work, and requires more constant, close supervision. Though these employees do not meet expectations, they may be progressing satisfactorily toward a level 2 rating and need to demonstrate improvement in order to satisfy the core expectations of the position.

